



STATE OF DELAWARE
DEPARTMENT OF FINANCE
DIVISION OF REVENUE
DELAWARE STATE BUILDING
820 N. FRENCH STREET
WILMINGTON, DELAWARE 19801

DIVISION OF REVENUE
TAX RULING 78-8

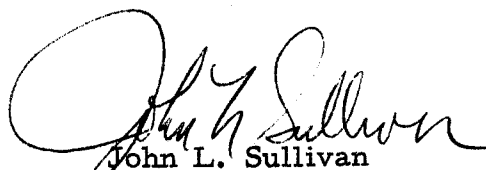
July 24, 1978

Personal Income Tax
Credit for Installation of Solar Energy Device

House Bill No. 475, 129th General Assembly, approved July 12, 1978, (Chap. 512, Vol. 61, Laws of Del.) adds a new Section 1112 to Chapter 11, Title 30, Delaware Code, to allow a credit of \$200 against the personal income tax liability of resident individuals for acquisition costs, including costs of installation, of solar energy devices designed to produce hot water on premises located in Delaware which are owned by the taxpayer at the time of installation, and for which payment is made during the taxable year. The credit is allowable only for the taxable year in which the solar energy device is completely installed and the liability of the taxpayer for full payment established and payment actually made.

The amendment further provides that the credit shall only apply to those solar energy devices used to produce hot water which: (1) meet the "Intermediate Standards for Solar Hot Water Systems/HUD Initiative (NBSIR 77-1272)," and (2) are installed in accordance with the guidelines prepared by the Polytechnic Institute of New York for use in HUD Solar Hot Water Initiative Program 1977. Further, if the solar energy device is purchased by the taxpayer as a unit, the credit will only be allowed if the agreement includes reasonable warranties; the statute sets forth detailed requirements that the warranty must provide to be considered reasonable, including a one-year warranty from the installer against failure of the solar system caused by the defects in materials, manufacture or installation, and a five-year warranty from the manufacturer against defects in materials or manufacture.

The credit will apply with respect to costs of acquisition and installation of qualifying solar energy devices installed and paid for after July 12, 1978, the effective date of the amendment.


John L. Sullivan
Director of Revenue